

WATER QUALITY/WASTEWATER AGREEMENT

This Water Quality/Wastewater Agreement (the "Agreement") made this 5 day of February, 2008, between **SILVERLEAF RESORTS, INC.** represented by Joe W. Conner, Chief Operating Officer, ("Developer"), whose address is 1221 River Bend Drive, Suite 120, Dallas, TX 75247 and the **BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF GRAND** ("County"), whose address is 308 Byers Avenue, P.O. Box 239, Hot Sulphur Springs, Colorado 80451, Attention: Kristen Manguso, Planning Director.

I. RECITALS

A. WHEREAS, Subdivider is the owner of real property located in the Winter Park Ranch Subdivision, Re-subdivision of the Summit at Winter Park Ranch, Tracts D, E, F and G, located in the SE ¼ of Section 21, Township 1 South, Range 75 West of the 6th PM, Grand County, Colorado, which subdivider has caused to be platted and subdivided as The Ridge Condominium (the "Subdivision"), as evidenced by the plat recorded September 30, 2008, at Reception No. 2008 009401 in the real property records of Grand County, Colorado (the "Plat");

B. WHEREAS, the County has expressed concern of increased non-point source water pollution caused by drainage and runoff from development, and the protection of water quality in Grand County and more specifically the river drainage basins of Grand County;

C. WHEREAS, the County wishes to provide the framework for wastewater treatment in the event that over time non-point source water pollution has been found to have materially degraded water quality in the river drainage basins of Grand County;

D. WHEREAS, the Subdivider and Association wish to cooperate in addressing the County's concern of increased non-point source water pollution caused by drainage and runoff from development, and protection of water quality in the river drainage basins of Grand County through the escrow of certain funds from the sale of lots within the subdivision, all as more particularly set forth below;

E. WHEREAS, Grand County has adopted 208 Water Quality Standards to provide guidance which will provide a level of protection for the surface and groundwater resources in the county;

F. WHEREAS, Policy 1 of the 208 Water Quality Standards provides the following:

"Policy 1: Water Quality

The surface and groundwaters of the region shall be protected to maintain the current and designated uses of those waters. The physical, chemical, and biological conditions shall be maintained for the benefit of present and future

generations of residents and visitors of the region. Waters of the region not currently supporting classified uses shall be restored as soon as is financially and technically feasible."

G. WHEREAS, the Grand County Master Plan recommends that the county and towns should take steps to maintain and improve the water quality in rivers and streams throughout Grand County and minimize the impact of development on the environment;

H. WHEREAS, C.R.S. 30-28-133 (5) provides as follows:

"(5) No subdivision shall be approved under section 30-28-110 (3) and (4) until such data, surveys, analyses, studies, plans, and designs as may be required by this section and by the county planning commission or the board of county commissioners have been submitted, reviewed, and found to meet all sound planning and engineering requirements of the county contained in its subdivision regulations."

I. WHEREAS, C.R.S. 30-28-136 (1) (g) provides as follows:

"(1) Upon receipt of a complete preliminary plan submission, the Board of County Commissioners or its authorized representatives shall distribute copies of prints of the plan as follows:

(g) When applicable, to the county, district, or regional health department or the state department of public health and environment for its review of the on-lot sewage disposal reports, for reviews of the adequacy of existing or proposed sewage treatment works to handle the estimated effluent, and for a report on the water quality of the proposed water supply to serve the subdivision. The department of public health and environment or county, district or regional health department to which the plan is referred may require the subdivider to submit additional engineering or geological reports or data and to conduct a study of the economic feasibility of a sewage treatment works prior to making its recommendations. No plan shall receive the approval of the Board of County Commissioners unless the department of public health and environment or county, district or regional health department to which the plan is referred has made a favorable recommendation regarding the proposed method of sewage disposal."

J. WHEREAS, in lieu of the study of the economic feasibility of a sewage treatment works pursuant to C.R.S. 30-28-136 (1) (g) the Subdivider, Association and County are desirous of entering into this Agreement.

II. AGREEMENT

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Approval of Subdivision. The County has approved the Subdivision, and the Plat has been recorded, based upon the Subdivider's and Association's cooperation to address the County's concern of increased non-point source water pollution caused by drainage and runoff from development, and the protection of water quality in Grand County and more specifically the river drainage basins of Grand County through the escrow of certain funds from the sale of units within the Subdivision.

2. East Grand Water Quality Board. The Subdivider and Association agree to contribute a \$200.00 annual fee to the East Grand Water Quality Board for purposes of offsetting costs associated with water quality monitoring. East Grand Water Quality Board shall assess the annual fee for the subdivision. The Subdivider and/or Association is required to provide proof to the County that the assessed annual fee has been paid in full, and shall continue making payment of the annual fee so long as the same remains in existence.

3. Escrow of Funds From Unit Sales. The Subdivider, Association and County wish to take steps herein to provide for a fund to be used to protect, improve and monitor water quality in the river basins of Grand County. Accordingly, the Subdivider and Association agree to provide the County with funds for protecting, improving and monitoring water quality. More specifically, the Subdivider and the Association agree to contribute \$500.00 per unit, for a total of \$68,000.00 for all units within the Subdivision. To implement the above agreement, the Subdivider and Association have deposited, in full, the amount of \$68,000.00 with the Grand County Treasurer in a specific escrow account. More, the Subdivider, Association and County hereby agree to the following procedure:

(a) All funds deposited under this escrow agreement shall accrue interest at a rate commensurate with comparably-sized commercial deposits. Interest earned on the escrow account shall follow the escrowed funds out of escrow.

4. Miscellaneous Provisions.

(a) Power and Authority. Each of the parties executing this Agreement represent and warrant that they have full power and authority to do so and the same constitutes a valid and binding commitment of behalf of such party.

(b) Entire Agreement. This Agreement, together with the exhibits attached hereto, contains the entire understanding and agreement between the parties and supersedes any and all prior negotiations, understandings or oral agreements regarding the subject matter hereof.

(c) Amendments/Waiver. This Agreement may not be amended nor any rights hereunder waived except by an instrument in writing signed by the parties sought to be charged with such amendment or waiver. The waiver by any party of any provisions of this Agreement on one occasion shall not be deemed a waiver of any subsequent breach of the same or any other provisions hereof.

(d) Remedies. Upon the breach of any provision of this Agreement, the nonbreaching party shall be entitled to enforce the provisions of this Agreement in law or in equity, and relief in the nature of specific performance or damages or both may be awarded, subject to the provisions of the laws of the State of Colorado.

(e) No Third Party Beneficiaries. Except as herein provided, no person or entity, other than a party to this Agreement, shall have any right of action under this Agreement.

(f) Governing Law and Venue. This Agreement shall be interpreted in accordance with and governed by the laws of the State of Colorado and shall be construed without regard to the party or parties responsible for its preparation and shall be deemed to have been prepared jointly by the parties. The forum for resolution of any and all disputes arising hereunder shall be the District Court in and for Grand County, State of Colorado.

(g) Paragraph Headings. The paragraph headings herein are inserted for convenience of reference only and do not define, limit or prescribe the scope of this Agreement of any exhibit attached hereto.

(h) Time of Essence. Time is of the essence in performing the terms of this Agreement and all of its provisions.

(i) Recordation. This Agreement may be recorded by any of the parties hereto.

(j) Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of each of the parties and their respective successors, assigns, heirs and personal representatives.

(k) Counterparts. This Agreement may be executed and delivered in counterparts, each of which shall be deemed to be a duplicate hereof, but all of which shall constitute one and the same document.

Executed as of the date first set forth above.

Silverleaf Resorts, Inc

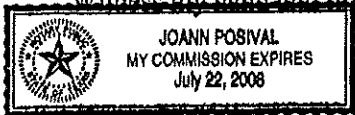

By Joe W. Conner, Chief Operating Officer

STATE OF Texas)
COUNTY OF DALLAS ss))

The foregoing instrument was acknowledged before me this 31 day of January,
2008, by Joe W. Conner

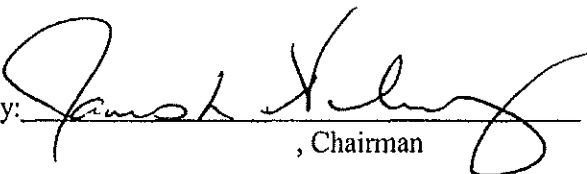
My commission expires _____.

Witness my hand and official seal.




Notary

BOARD OF COUNTY COMMISSIONERS OF
GRAND COUNTY, COLORADO

By: 
, Chairman

ATTEST:

Grand County Clerk & Recorder